To Survive, the Fitness Industry Must Rethink Fitness

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Denise Lee Yohn has been inspiring and teaching companies how to operationalize their brands to grow their businesses for more than 20 years. Health and fitness brands including New Balance, Road Runner Sports and Designer Whey have called on Yohn, an established speaker, author and consulting partner. Read more by Yohn at www.deniseleeyohn.com/resources.html (http://www.deniseleeyohn.com/resources.html) .

Fitness club membership has held steady at around 16 percent for the past few years. That means that any business growth we achieve is at another club's expense.

Winning in our industry has essentially been about stealing market share—we're all fighting to get our share of the membership pie. But what if we grew the size of the whole pie? If we could generate new demand for fitness, our growth potential wouldn't be limited by the current zero-sum game.

It's a bold vision but a necessary one. Some potential prospects already have been lured away by Nintendo's Wii and other video game-based offerings. Integrated health monitoring and exercise programs and other online and mobile resources are emerging as potential competitors. The club industry needs to sharpen its competitive edge and generate new demand.

To do this, we must think differently about our business.

Back in 1960, Theodore Levitt wrote a groundbreaking paper about business growth. He used the railroad as an example of an industry whose failure to grow was caused by a limited market view. Those behind the railroads, he argued, got into trouble not because the need for transportation changed. They failed because they assumed they were in the railroad business, not the transportation business.

As air travel and other new modes of transporting people and goods developed, the railroad companies tried to improve their railroads by building faster engines, adding routes, etc. But their business kept declining and would have gone completely bankrupt had the government not intervened.

The railroad people were product oriented instead of customer oriented. They presumed the longevity of their product appeal instead of ascertaining and acting on customers' new needs and desires.

Another example is the coffee business. Back in the early 1990s, brands like Folgers and Maxwell House were so consumed by promoting product attributes like flavor crystals, they were completely blindsided when Starbucks arrived on the scene. While traditional coffee companies battled over grocery shelf space and penny margins, Starbucks came into the market and told people it's not about the coffee, it's about the coffee experience. They created a gathering place, new ways to enjoy coffee, a lifestyle—and in doing so, built a whole new highly profitable business.

The lesson is that for businesses to survive and thrive, they must think about their industry broadly enough to seize new growth opportunities. Organizations must learn to think less about producing goods or services and more about doing things that people want.

So what business do we think we're in? Are we in the fitness club business or are we in a business that has broader appeal and deeper meaning? Are we trying to increase memberships, or are we trying to grow people's interest in fitness? Do we build physical locations that people go to exercise, or do we provide venues where people learn about and practice healthier lifestyles?

To tap into a bigger growth market, we need to move away from a fitness club-centric approach and adopt a more consumer-centric approach. We should seek to understand what people want and need when it comes to managing and improving their health—and build our businesses around that understanding.

This change in perspective will lead to changes in what we offer. Here are a few examples:

1. From physical locations to virtual meeting places. Instead of trying to attract people to come to our locations, let's try to be where people already are. Social websites and networks have become popular "places" to hang out. Perhaps memberships should entail regularly accessing exercise programs, meal plans and other services in these virtual venues, making our physical locations special places for "meet-ups."

2. From personal trainers to lifestyle coaches. Instead of viewing personal training as a way to increase member revenues, let's develop lifestyle coaching programs to promote healthy living. Clubs might certify or sponsor personal lifestyle coaches who provide fitness, nutrition, environmental and therapeutic services online, over the phone or in-person at a client's home or workplace.

3. From classes to tribes. Instead of only offering a weekly schedule of discrete group exercise classes, let's also provide bundles of offerings targeted to tribes. (Marketing thought-leader Seth Godin promotes the formation of tribes—groups of people "connected to one another, connected to a leader and connected to an idea.") Perhaps for a tribe of people training for their first marathon, we offer a training schedule, group runs, strength-training classes, nutritional advice and gear. Members would benefit from our holistic approach to meeting their needs, and we'd benefit from forming a deeper connection with them.

We need to develop different operational capabilities, allocate resources differently and measure different business performance metrics. But the most important thing we need to change is the way we think.